216227 STATE OF SOUTH CAROLINA) **BEFORE THE** PUBLIC SERVICE COMMISSION (Caption of Case) OF SOUTH CAROLINA Happy Rabbit, LP on behalf of Windridge **COVER SHEET** Townhomes. Complainant, DOCKET v. 2008 360 NUMBER: Alpine Utilities, Inc., Defendant. (Please type or print) SC Bar Number: 68269 Submitted by: Benjamin P. Mustian, Esquire Telephone: 252-3300 Address: Post Office Box 8416 Fax: 771-2410 Columbia, SC 29202 Other: bmustian@willoughbyhoefer.com Email: NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely. **DOCKETING INFORMATION** (Check all that apply) Request for item to be placed on Commission's Agenda **Emergency Relief demanded in petition** expeditiously Other: INDUSTRY (Check one) NATURE OF ACTION (Check all that apply) ☐ Electric ☐ Affidavit Letter Request ☐ Electric/Gas Agreement Memorandum Request for Certification Electric/Telecommunications Answer ☐ Motion Request for Investigation Electric/Water Objection Appellate Review Resale Agreement Electric/Water/Telecom. Petition Resale Amendment Application ☐ Electric/Water/Sewer Brief Petition for Reconsideration Reservation Letter Certificate ☐ Gas Petition for Rulemaking Railroad Comments Petition for Rule to Show Cause Response to Discovery **⋉** Sewer Complaint Complaint Petition to Intervene Return to Petition Telecommunications Consent Order Petition to Intervene Out of Time ☐ Stipulation Transportation Discovery Prefiled Testimony Subpoena Promotion ☐ Tariff Water Exhibit ☐ Water/Sewer Expedited Consideration Proposed Order Other: Protest Administrative Matter ☐ Interconnection Agreement Other: Interconnection Amendment Publisher's Affidavit Late-Filed Exhibit Report **Print Form** Reset Form

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April 8, 2009

VIA HAND-DELIVERY

The Honorable Charles L.A. Terreni Chief Clerk/Administrator **Public Service Commission of South Carolina** 101 Executive Center Drive Columbia, South Carolina 29210

Happy Rabbit, LP on behalf of Windridge Townhomes v. Alpine Utilities, Inc.;

Docket No. 2008-360-S

Dear Mr. Terreni:

Enclosed for filing on behalf of Alpine Utilities, Inc. are the original and one (1) copy of Alpine Utilities, Inc.'s Reply to Response to Motion for Summary Judgment in the abovereferenced matter. By copy of this letter, I am serving a copy of these documents upon the parties of record and enclose a Certificate of Service to that effect.

I would appreciate your acknowledging receipt of these documents by date-stamping the extra copies that are enclosed and returning the same to me via our courier.

If you have any questions, or if you need any additional information, please do not hesitate to contact me.

Sincerely,

WILLOUGHBY & HOEFER, P.A.

Benjamin P. Mustian

BPM/cf Enclosures

Nanette S. Edwards, Esquire cc:

Richard L. Whitt, Esquire

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2008-360-S

IN RE:)
Happy Rabbit, LP on behalf of Windridge, Townhomes,)))
Complainant	 REPLY TO COMPLAINANT'S RESPONSE TO MOTION FOR SUMMARY JUDGMENT
v.	
Alpine Utilities, Inc.,)
Defendant.))
	,

Pursuant to Commission Regulation R. 103-829, and other applicable statutes, rules and regulations, Alpine Utilities, Inc. ("Alpine") herein replies to the Response to Motion for Summary Judgment ("Response") of Happy Rabbit, LP ("Happy Rabbit" or "Complainant").

I. Contract for Service

In responding to Alpine's Motion for Summary Judgment, Happy Rabbit makes reference to various contracts for service between Alpine and TFB Construction, Carolyn D. Cook and Happy Rabbit, individually. Happy Rabbit first states that that there is no legal significance to the fact that it "entered into a contract for service" with Alpine. Happy Rabbit Response, p. 3, para IV. At the

In the event that Alpine does not herein directly dispute a claim, statement, representation or characterization by Happy Rabbit, such omission is neither an acquiescence to any of Happy Rabbit's claims, statements, representations, or characterizations nor a waiver of any position previously asserted by Alpine.

outset, it is important to note that, both in its Response and in its circuit court complaint, Happy Rabbit acknowledges that it entered into a customer relationship with Alpine. In addition to Alpine's assertion that Happy Rabbit is a successor or assign to both the contract for service entered into by TFB Construction and the application made by Mrs. Cook, Happy Rabbit has represented that it established a customer utility relationship with Alpine, entered into a contract for service with Alpine and is an admitted customer of Alpine. Therefore, pursuant to Commission regulations, Happy Rabbit is obligated to compensate Alpine for services rendered. See R. 103-534.B. Happy Rabbit has admitted that Alpine provides sewer service to Happy Rabbit, has acknowledged that it has historically paid for such services, and has not alleged that Alpine did not charge it in accordance with its Commission approved tariff. See ORS Letter dated April 2, 2009. Accordingly, it is only Alpine that has a right of recovery in this matter and the relief requested by Happy Rabbit is simply not supported by the undisputed facts of this case.

Additionally, Happy Rabbit states that "Alpine improperly argues that Happy Rabbit is a successor in interest to Mrs. Cook" and that Alpine "confuses 'successor in ownership to property' with 'successor in interest." While Happy Rabbit rebukes Alpine for its understanding of "successors," it is Happy Rabbit that apparently does not understand the concept. The term "successor" means "[a] person who succeeds to the office, rights, responsibilities, or place of another; one who replaces or follows a predecessor." Black's Law Dictionary (8th ed. 2004). A "successor in interest" is defined as "[o]ne who follows another in ownership or control of property. A successor in interest retains the same rights as the original owner, with no change in substance." Id. Similarly, "[t]he term 'successor' is a term of art. 'It may mean ... succeeding to a place, or a right, or an interest or a power, official, or otherwise." Battery Homeowners Ass'n v. Lincoln

Financial Resources, Inc., 309 S.C. 247, 250, 422 S.E.2d 93, 95 (1992) quoting Dunkley Co. v. California Packing Corp., 277 F. 996 (2nd Cir.1921). Contrary to Happy Rabbit's assertion, one who follows another in ownership of property, such as Mrs. Cook and Happy Rabbit, are successors, both in ownership of property and in interest. Therefore, irrespective of their acknowledgement that they each entered into a contract for sewer service to the property and each established a customer service account with Alpine (see Argument, p. 1-2, supra), both Mrs. Cook and Happy Rabbit are successors to the benefits and the obligations of Alpine's contract with TFB Construction and Happy Rabbit is a successor to the application for service made by Mrs. Cook. Moreover, both Mrs. Cook and Happy Rabbit have benefitted from the sewer service that was originally provided pursuant to Alpine's contract with TFB Construction and retained the same right to receive service as TFB Construction when it executed the contract agreeing to be responsible for charges for sewer services to the property. Mrs. Cook and Happy Rabbit are therefore successors of that original contract as contemplated by the language contained therein.

Happy Rabbit erroneously states that its filing of an Affidavit of George W. DuRant "has apparently caused Alpine to abandon" its position that Happy Rabbit is the successor or assign of a contract between Alpine and the developer of Windridge Townhomes. In response, Alpine craves reference to its Motion in this regard. Specifically, page 9, paragraph 4 of Alpine's Motion states:

Notwithstanding Alpine's assertion set forth in its pleadings that a contract with Happy Rabbit's predecessor is binding upon it and obligates Happy Rabbit to render payment for sewer services rendered to Windridge, Alpine further asserts that Happy Rabbit, through its general partner, independently entered into contractual arrangement as a customer of Alpine. (internal citations omitted).

Happy Rabbit's characterization that an affidavit has caused Alpine to abandon its position in this proceeding is simply inaccurate.

Not only has Alpine not abandoned its argument in this regard, but South Carolina courts have recognized the type of succession which Alpine asserts applies to Happy Rabbit. In West v. Newberry Elec. Co-op., 357 S.C. 537, 593 S.E.2d 500 (Ct. App. 2004), Newberry Electric Cooperative ("NEC") entered into a 1955 written agreement concerning the construction and operation of a power line on a landowner's property constituting an easement to NEC for the power lines and stated that, if the property was developed, NEC agreed to move the lines. The agreement contained a habendum clause specifying that the agreement was granted unto NEC and its successors and assigns. The agreement was not recorded, but was maintained on file at NEC. The landowner thereafter sold the property to a subsequent purchaser who was unaware of the agreement; however, the purchaser was aware of the power lines on the property. The purchaser later learned of the agreement and requested that NEC relocate the line which was refused. The Court of Appeals found that the agreement between NEC and the original landowner was a real covenant that ran with the land and was thus enforceable notwithstanding the fact that a successor in interest was unaware of the covenant but aware of the existence of the power lines. "A restrictive covenant runs with the land, and is thus enforceable by a successor-in-interest, if the covenanting parties intended that the covenant run with the land, and the covenant touches and concerns the land. [A] party seeking to enforce a covenant must show the covenant applies to the property either by its express language or by a plain and unmistakable implication." West at 542, 503 (internal citations omitted).

This holding in <u>West</u> applies in the instant case. Alpine agreed with TFB Construction to provide service to the project and to maintain and operate the sewer mains running to the Windridge Townhomes property in perpetuity and, in exchange, TFB Construction granted Alpine a fifteen foot access easement to the property and entered into a contractual agreement regarding sewer service.

TFB Construction retained ownership and responsibility for the customer service lines serving the individual duplexes and agreed to pay for sewer service rendered to the property. In exchange, Alpine agreed to maintain and operate the eight inch sewer mains running in the street rights of way and provide capacity and sewer services subject to charges in accordance with its Commission approved rate schedule. Happy Rabbit still receives the benefit of this agreement - through sewer service and maintenance of the mains by Alpine – and is, therefore, similarly bound by the obligations contained therein. Additionally, the agreement clearly intends to run with the land inasmuch as it specifies that Alpine will reserve and provide sewer service to the property in perpetuity and that the agreement will run as long as Alpine is certified by DHEC. Further, as with West, the agreement contemplates a change in sewer use based upon additions to the property; therefore, the agreement undoubtedly touches and concerns the property known as Windridge Townhomes. Moreover, Mrs. Cook and Happy Rabbit have acknowledged that they were aware that sewer services were provided to the property. Not only did they establish a customer relationship with Alpine after purchasing the property, but also, they were on notice of the requirements set forth in the Landlord-Tenant Act which requires landlords to provide adequate sewer service to leased property. See S.C. Code Ann. § 27-40-440 (Supp. 2008, 1986 Acts No. 336). Finally, the agreement was clearly intended to run with the land inasmuch as it contains a habendum clause stating that the agreement is binding upon all successors and assigns of the parties. As with West, the agreement clearly envisions the future of the land; therefore, TFB Construction's execution of the contract is a covenant that runs with the land. Regardless of whether this agreement was recorded and whether Mrs. Cook or Happy Rabbit had actual knowledge of its existence, its terms apply to Mrs. Cook and Happy Rabbit as successors, either in interest, or as subsequent owners of property. As such, Happy

Rabbit is obligated to remit payment for sewer services rendered by Alpine to the property.

II. <u>Application of the doctrine of in pari materia</u> is inappropriate and contrary to Happy Rabbit's position.

Happy Rabbit attempts to invoke Commission jurisdiction in this matter by stating that the Commission must take into consideration the general laws of the state of South Carolina and read Section 27-33-50 with R. 103-533.3 "in pari materia" thereby conferring on the Commission jurisdiction to decide the matter. Initially, Alpine notes that the doctrine of in pari materia exists as an aid to statutory construction where legislative language is ambiguous, and not, as Happy Rabbit suggests, to afford an agency jurisdiction over any matter which tangentially relates to its statutory responsibilities. "The doctrine of in pari materia requires that statutes relating to the same subject or object be construed together to harmonize the statutes and to give effect to the Legislature's intent."

Zold v. Zold, 911 So. 2d 1222 (Fla. S. Ct. 2005). "Under the doctrine of in pari materia, a court will interpret a statute by examining other statutes dealing with the same subject as the statute being construed." Planned Parenthood of Rocky Mountains Services, Corp. v. Owens, 287 F.3d 910, 923 (C.A.10 2002) citing 2B Norman J. Singer, Statutes and Statutory Construction § 51.01 (6th

Alpine notes that Happy Rabbit's Complaint does not raise any assertion of a "willful overcharge" and that any such claim is therefore not presently before the Commission. While Happy Rabbit has filed a Motion to Conform to Proof (and now a Motion to Amend the Complaint) to include such a claim, same have not yet been ruled upon by the Commission. Moreover, Happy Rabbit attempts to sidestep and confuse the jurisdictional issue by combining the relief sought in two separate complaints – the instant Complaint and the recent complaint filed by Mrs. Cook. While convenient for Happy Rabbit, it has lumped together two distinct claims in the hopes of maintaining jurisdiction over this matter. The relief sought by Mrs. Cook is contained within a wholly separate complaint which has not yet been docketed by the Commission. If the Commission should accept jurisdiction over the assertions set forth in Mrs. Cook's complaint, Alpine will respond and assert its defenses to that matter at the appropriate time.

ed.2000).

The rule of the construction of statutes *in pari materia* "may be applied where there is an ambiguity to be resolved and not where...the meaning of the statute is clear and unambiguous." Rabon v. South Carolina State Highway Dept., 258 S.C. 154, 157, 187 S.E.2d 652, 654 (1972). See also Kimes v. Bechtold, 342 S.E.2d 147, 150 (W.Va.1986) ("This *in pari materia* rule of statutory construction applies, of course, only when the particular statute is ambiguous."). Alpine notes that Happy Rabbit's assertion in this regard contradicts its position with respect to the basis for its Complaint. Happy Rabbit has asserted that the plain language of Section 27-33-50 demonstrates that Alpine has inappropriately served the property known as Windridge Townhomes.³ See Happy Rabbit Response to Motion for Summary Judgment, p. 2, para. I. Thus, in light of Happy Rabbit's assertion that Section 27-33-50 is unambiguous, its attempted application of the doctrine of *in pari materia* is wholly inapt.

Further, Happy Rabbit is attempting to inappropriately apply the doctrine so as to compare a statute with a regulation that does not relate to the same subject matter. The regulation relates to charges to customers by a sewer utility which are willfully in excess of their Commission approved rates. Therefore, any application of the doctrine of *in pari materia* using R. 103-533.3 is inappropriate.

Accepting, however, Happy Rabbit's assertion that the doctrine of *in pari materia* applies, then this is an acknowledgement that the language of the statute is ambiguous. As Alpine has noted

As previously stated by Alpine, even assuming Happy Rabbit's interpretation of the statute is correct, which is disputed, it is not possible for Alpine to directly serve the tenants of Windridge Townhomes because the necessary facilities have not been installed to serve individual customers. See Alpine Motion for Summary Judgment, p. 7.

in its Motion for Summary Judgment, "[w]hen 'a statute is ambiguous, the Court must construe the terms of the statute." South Carolina Dept. of Social Services v. Lisa C., 380 S.C. 406, 416, 669 S.E.2d 647, 652 (Ct.App.2008) quoting Wade v. Berkeley County, 348 S.C. 224, 229, 559 S.E.2d 586, 588 (2002). "Statutes should not be construed so as to lead to an absurd result." Gentry v. Yonce 337 S.C. 1, 13, 522 S.E.2d 137, 143 (1999). And, if the language of the statute is ambiguous, the doctrine of in pari materia would more appropriately be applied by comparing Section 27-33-50 with Commission Regulation R. 103-535.O which specifies that, in certain circumstances utilities may require a landlord to be responsible for a tenant's account where the tenant is the customer of the utility. Therefore, the plain language of Section 27-33-50 read in pari materia with R. 103-535.O does not prohibit Alpine from charging Happy Rabbit, as an admitted customer, for sewer services which it has admittedly received, particularly since Happy Rabbit has admitted no tenant accounts exist. Rather, Section 27-33-50 can only reasonably be read to preclude a utility from requiring a landlord to be responsible for a tenant's account with the utility where the tenant is the customer. By comparison, Happy Rabbit's interpretation of the statute would result in an absurd, unjust and inequitable result. To the contrary, "[a]n ambiguity in a statute should be resolved in favor of a just, beneficial, and equitable operation of the law." Enos v. Doe, 380 S.C. 295, 304, 669 S.E.2d

R. 103-535.O. In the case of a landlord/tenant relationship where the tenant is the customer, the utility may require the landlord to execute an agreement wherein such landlord agrees to be responsible for all charges billed to that premises in accordance with the approved tariffs for that utility and the Rules of the commission, and said account shall be considered the landlord's and tenant's account. In the event the landlord refuses to execute such an agreement, the utility may not discontinue service to the premises unless and until the tenant becomes delinquent on his account or until the premises are vacated. The utility may discontinue service pursuant to R.103-535.1 if the account is delinquent or may discontinue service at the time the premises are vacated and the utility shall not be required to furnish service to the premises until the landlord has executed the agreement, and paid any reconnection charges. (Emphasis supplied).

619, 623 (Ct. App.2008). As further explained in Alpine's Motion for Summary Judgment, Happy Rabbit's contorted reading of the statute clearly results in an absurd application of the statute and should be rejected by the Commission.

III. Unreasonable Delay

Happy Rabbit seeks to defend its delay in bringing the instant action by stating that it is "astonishing" that Alpine believes "Happy Rabbit somehow was responsible for engaging the services of an attorney, filing a formal Complaint, and expending time and thousands of dollars to stop Alpine's continuous violation of the law…" What Alpine finds astonishing is the fact that, although Happy Rabbit is currently undertaking this exact process, it attempts to justify its delay by implying it does not have any obligation to bring a timely action to enforce any purported rights it may have. Happy Rabbit's statement is even more incredible considering James C. Cook, a general partner of Happy Rabbit, is a retired member of the South Carolina Bar.

IV. Willful overcharge.

Happy Rabbit's Response states that its cited authority "militates against the idea that this Commission cannot hear a willful overcharge Complaint." However, the Response avoids the stated position of both Alpine and ORS in this matter that Happy Rabbit has not made any assertion of fact which would support its claim that Alpine has willfully overcharged these admitted customers and has therefore not sufficiently asserted a claim which is properly before the Commission. As Alpine stated in its Return to Happy Rabbit's Motion to Conform, Alpine has not overcharged Happy Rabbit; rather, Alpine has only charged Happy Rabbit in accordance with its Commission approved rate schedule. In its letter dated April 2, 2009, ORS corroborates this position by stating "[w]hile [Happy Rabbit and Mrs. Cook] allege that they have been overcharged and seek relief under 26 S. C.

Code Ann. Regs. 103.533 (3), no allegation has been made that the rates charged were not the tariffed rates approved by the Commission." Therefore, Happy Rabbit's assertion of a "willful overcharge" in an attempt to confer Commission jurisdiction over a matter arising under the Landlord-Tenant Act is unavailing.

V. The instant damages sought by Happy Rabbit are identical to those sought in the circuit court proceeding.

Happy Rabbit states that "[i]t is suggested that this Commission defer this Complaint to the Circuit Court, although that Court would not be able to decide and award the damages contemplated by the South Carolina General Assembly when it approved the Commissions (sic) Regulation, R. 105-533(3) (sic)." Happy Rabbit appears to reference the request made in its circuit court complaint for damages purportedly incurred since **September 12, 2005** which is three years before the date of the complaint. Happy Rabbit attempts to contrast the relief available to it in circuit court with the relief requested by Happy Rabbit in its Motion to Conform for a refund of charges dating back to **October 6, 2003.** What Happy Rabbit conveniently ignores is the fact that it was not a customer of Alpine until **December 29, 2005** – a point which it concedes in its circuit court complaint. Therefore, as Alpine has previously pointed out in its Return to Happy Rabbit's Motion to Dismiss,

ORS further recommends that the Commission dismiss the instant Complaint and the recent complaint filed by Mrs. Cook so that the parties may proceed with the action currently pending in circuit court. See ORS Letter dated April 2, 2009.

Alpine is aware that, on April 6, 2009, Happy Rabbit filed a Motion to Amend Complaint and Reply to Respondent's Response To Complainant's Motion to Conform to Proof. While Alpine reserves its right to respond to these filings, Happy Rabbit apparently has recognized that Alpine is correct that its request for a reimbursement of moneys paid dating back to October 6, 2003 is inappropriate and is now limiting its request to moneys dating back to December 29, 2005. Happy Rabbit's acknowledgement demonstrates that the most it could conceivably recover from the Commission are charges incurred since December 29, 2005. Therefore, Happy Rabbit's instant request for relief is <u>identical</u> to damages sought in the circuit court proceeding.

Happy Rabbit is now requesting the ability to amend its complaint to inappropriately seek a refund of money which it never paid – charges for sewer service provided to the property before it purchased the property and became a customer of Alpine on December 29, 2005 – by, again, muddling the relief sought in separate complaints filed by Happy Rabbit and Mrs. Cook. See Argument, p. 6, fn. 2, supra. Because the circuit court complaint is requesting damages dating from September 12, 2005 – three months prior to Happy Rabbit's ownership – and Happy Rabbit is seeking a refund of charges paid during its time as a customer since December 29, 2005, the damages sought in Happy Rabbit's circuit court complaint include the exact same damages Happy Rabbit might even conceivably request pursuant to its Motion to Conform. While Happy Rabbit apparently believes it unreasonable for Alpine to "complain" that Happy Rabbit is requesting a refund of money it has not paid (see Response, p. 4, para VI.), any attempt by Happy Rabbit to collect damages in excess of this amount is fallacious inasmuch as it has not paid for these charges because it was not then a customer of Alpine. Therefore, Happy Rabbit's suggestion that the relief afforded by Commission regulation is different than that available in the circuit court proceeding is disingenuous.

WHEREFORE, for the foregoing reasons and for the reasons set forth in its Motion for Summary Judgment, Alpine respectfully requests that the Commission issue an order granting Alpine's Motion for Summary Judgment, dismissing the Complaint in this matter, and granting such other and further relief to Alpine as is just and proper.

[SIGNATURE PAGE FOLLOWS]

As stated, Alpine denies that Happy Rabbit's request for relief pursuant to R. 103-533.3 is applicable or has been plead with sufficiency.

Da OTh

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803-252-3300

Attorneys for Defendant

Columbia, South Carolina This 8th day of April, 2009

BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA DOCKET NO. 2008-360-S

Happy Rabbit, LP on behalf of Windridge, Townhomes,))
Complainant) CERTIFICATE OF SERVICE
v.)
Alpine Utilities, Inc.,)
Defendant.)))

This is to certify that I have caused to be served this day one (1) copy of **Defendant's**Reply to Response to Motion for Summary Judgment via hand delivery to the address below:

Richard L. Whitt, Esquire **Austin & Rogers, P.A.**508 Hampton Street, Suite 300

Columbia, SC 29211

I further certify that I have caused to be served one (1) copy of the above-referenced document by placing same in the care and custody of the United States Postal Service with first class postage affixed thereto and addressed as follows:

Nanette S. Edwards, Esquire

Office of Regulatory Staff
Post Office Box 11263

Columbia, South Carolina 29211

Andrew Dorse

Columbia, South Carolina This 8th day of April, 2009.